

TRUTH WITHOUT FICTION,

FOR THE

CONSIDERATION OF THE COMMUNITY:

FICTION WITHOUT TRUTH,

FOR THE

RECREATION OF STOCKHOLDERS.

“A little fire is quickly trodden out,
Which, being suffered, rivers cannot quench.”

SHAKSPEARE.

BOSTON:

1867.

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As Hamlet presented the play of the mousetrap before the king, this pamphlet is dedicated to the officials of Transporting Companies, that, by inference, each one of them may learn that sophistical representations are recognised merely as scraps from the philosophy of deceit, as rubbish in the garden of intelligence, as vapor in the balance of wisdom.

TO STOCKHOLDERS.

OFFICIAL. "Do you see yonder cloud, that's almost in shape of a camel?"

STOCKHOLDER. "By the mass, and 'tis like a camel, indeed."

OFFICIAL. "Methinks it is like a weasel."

STOCKHOLDER. "It is backed like a weasel."

OFFICIAL. "Or, like a whale?"

STOCKHOLDER. "Very like a whale."

ŒDIPUS. "How say you by that?"

STOCKHOLDER. "Nay, I know not;
Who is't can inform me?"

ŒDIPUS. "That can I;
At least, the whisper goes so:
Something is rotten in the state of Denmark.
So art thou to revenge when thou shalt hear.
Friend, look to 't."

OFFICIAL. "Alas, he's mad!"

ŒDIPUS. "I am but mad *West-northwest*.
When the wind is southerly, I know
A hawk from a handsaw."

"Forgive me this my virtue;
For in the fatness of these pursy times,
Virtue itself of vice must pardon beg,
Yea, curb and woo, for leave to do him good."

P R E F A C E.

It is proper here to explain, that whilst denouncing the present system of Private Freight Expresses, I do not wish to be understood as condemning the Fast Freight organizations which are operated for the benefit of the stockholders of Transporting Companies.

Private Freight Expresses are independent associations, which are constantly absorbing the business and pecuniary resources of the Transporting Companies, but the Fast Freight organizations, which are maintained upon the principle claimed to regulate them, afford, I am led to think, increased facilities to the community, and are valuable auxiliaries of the corporations with which they are connected. It is necessary that this distinction should be kept in mind by the reader.

In submitting my views under the present form, it is not my desire to give the impression that censure should be attached to every officer representing the

Transporting Companies which tolerate Private Freight Expresses: this would be unjust, because in many instances these gentlemen have been actuated by proper motives, and have merely erred in judgment. Therefore, when "I rally Rufulus for being perfumed, or Gorganius for being nasty," the rightmindedness of my readers will spare me the imputation of being "envious or ill-natured." Much unpleasant doubt as to whom allusion is made could readily have been obviated by pointed reference, but this was considered inexpedient, as the object of the writer is to induce general and searching investigation. To believe is dangerous, to be unbelieving is equally so; the truth therefore should be diligently sought after, lest a foolish opinion should lead you to pronounce an unsound judgment.

ŒDIPUS.

CHICAGO, ILLINOIS, January 1, 1867.

MY DEAR SIR:

My present letter will be confined to the consideration of what are technically called "Express Companies" and "Private Freight Expresses."

The subject, with its various ramifications, becomes an almost endless theme, and bewilders me to determine how, and where, to commence the discussion of it, and in what manner to attempt to refute the arguments which have been advanced in support of these systems. "Therefore, with this task before me, if I have wit enough to find my way out of this wood, I have wit enough to serve my turn."

In opposing organizations of this character, I am necessarily placed in antagonism to intelligent and plausible men; yet my cause is just, and I believe that you will

be enlisted on the side of what should be considered an honest effort for reform.

The associations which we are about to consider, are of comparatively recent creation. Originally, the Express Companies were intended for the purpose of conveying money, jewelry, and small packages, which were usually confined within the limits of a "Herring Safe," carried upon the daily passenger trains of Transporting Companies.

It may be conceded that these enterprises, so long as they adhered to their legitimate design, were useful subsidiaries to the companies, in relieving them of the care of articles for the loss or breakage of which they would have been exposed to greater claims for indemnity than their restricted carrying profits could have justified.

Gradually, however, as the quiet impalpable vapor arose from the casket of the fisherman described in the Arabian fable, the Express Companies have spread to gigantic proportions, a distinct and menacing vitality, developing "the fifty heads and hundred arms of the huge monster *Ægeon*." In this shape they are now absorbing a very large proportion of the traffic which legitimately belongs to the Transporting Companies. Whether the Express Companies and the "Private

Freight Expresses" are identical organizations, cannot confidently be asserted. It fairly may be presumed, however, that one evil has given birth to the other; that the unprecedented success which has attended the operations of the pioneer "Express Companies," their remunerative dividends, with the peculiar and extended privileges which have been conferred upon them by the Transporting Companies, have, in a great degree, been instrumental to the conception of the "Private Freight Expresses." Under these circumstances, and as the effects of these enterprises are alike upon the interests of the community, and upon the business and pecuniary resources of the Transporting Companies, they shall, in this communication, be considered as making part of the same "happy family." This position appears to be sustained by the fact, that in many instances the stock of these respective associations is controlled by the same shareholders.

It is well known that the Express Companies secure from the Railroad Corporations, motive power and carriage much below the usual rates, that they are permitted to forward their freight in exclusive cars which are attached to regular passenger trains, and that it has not unfrequently occurred upon certain routes, in cases

where these cars have failed to make their customary connections, that special engines have been sent with them in order to overtake passenger trains.

While these may be cited as principal features of the immunities which are conferred upon the Express Companies, there can be no doubt that the *Private Freight Expresses* reap, to a great extent, identical advantages, as well as receive more lucrative emoluments from their arrangements with the Transporting Companies,—in having forwarded at lower than usual rates their freight in their own cars, which are propelled comparatively “without stoppages and delays,” by particular engines, and at more rapid speed than the ordinary freight trains of the Railway Companies; in paying for motive power in most instances at a stipulated price per car, without reference to the class of goods or to the weight which it contains; in realising upon their cars so valuable a wheelage as to annually reimburse their original cost; in having them maintained and repaired at an adjusted sum per mile without regard to the actual outlay which from time to time may have been incurred in their restoration by the Transporting Companies; in having their merchandise accepted and receipted for by the agents of these corporations, and not unfrequently in

employing without equivalent their depôts, offices, and clerks.

It is averred that in consequence of the distinct and generous privileges which are conceded to the Private Freight Expresses, that they as well as the Express Companies, are rapidly monopolising the first, second, and third classes of freight which comprise the best paying traffic within control of the Transporting Companies.

The fact that Transporting Companies extend to Private Associations accommodations and rates of carriage which are denied to the public, initiates a principle not less important from its pernicious tendencies, than from the general interest belonging to it. A clear definition of the evils referred to would, it is thought, induce legislation to determine perspicuously the relations between the community and the Transporting Companies, and to maintain the cause of morality, by exterminating one of the chief sources of vice in corporate institutions.

In view of this, may it not be inquired whether Transporting Companies as "public carriers" in the service of the Commonwealth possess under their charters the authority to discriminate by extending to particular organizations conveniences and rates of carriage which they do not openly avow, and which they withhold from

the general participation of those who employ and of those who desire to employ, their thoroughfares.

Charters are nothing more than contracts between the corporations who obtain them and the citizens of the State who ratify them. These instruments designate the respective rights of the contracting parties. The citizens of the Commonwealth being, in reality, one of these parties, it is claimed that, as such, any and all of them alike are legally entitled to require strict compliance with the provisions of each charter. If so, corporations have not the authority to select certain members from among one of the contracting parties, that is to say, from the community, and in the case of these invidiously chosen members to alter conditions which have been undertaken with the community *en masse*.

Upon the same principle, Transporting Companies having assumed under their charters, the capacity and the obligations of common carriers, are as such compelled to act without distinction, to carry as freely for one as they do for another, and to extend equal facilities to all their customers.

For similar reasons Transporting Companies have not the right to discriminate in their rates of carriage. In this respect they are constrained also by the stipulations

of the charters under which they are operating as servants to the Commonwealth at an adjusted compensation. They have procured certain concessions in lieu of these very considerations. It is therefore contended that their rates of service have not been designated and restricted merely for the purpose of regulating the cost of transportation on commodities in the case of which the tide of trade, market value, and self-protection would determine, but for the very intent of suppressing the evils of discrimination, by establishing uniform charges.

So long then as they adhere to the requirements of their charters, and observe with all their patrons equality in the price of carriage, their legalised tariffs can be exacted; but it is urged that if their prices be reduced or modified in a single instance, the terms so altered become in effect the legal rates in which every portion of the community alike has the liberty to participate. If this be not so it would have been unnecessary to place Transporting Companies upon the basis of public carriers, and to institute a standard of carrying charges. Once ignore the principle upon which is maintained uniformity in the rates of carriage, and extortion and oppression would as readily and to the same extent ensue, as if there were no charter restrictions whatever with

reference to this matter. If Transporting Companies are not authorised to discriminate in facilities and in rates of carriage, is it prudent to permit them to uphold upon this system the Private Freight Associations? With the recognition of this principle, whether by law or usage, what would be the position of the community? Would not the independent organizations become powerful monopolists, enforcing arbitrary regulations and unjust charges, in which the public would be obliged to acquiesce, or else perhaps to incur serious if not ruinous penalties?

It will no doubt be replied to this allegation that such consequences could not ensue, because the Transporting Companies would so restrict their *protégés* as to compel them to reasonable and equitable practices. To proceed slightly farther with the illustration will exhibit the probable inefficiency of this restraining control. Suppose for example that the officers of Transporting Companies are personally interested in the gains of the monopolists, how then could redress be obtained; in what way would protection be guaranteed? Would it be prudent under such circumstances to rely upon that slender and wavering reed, *man's sense of right*, especially of those whose *facile* consciences permit their secret connection with pro-

jects which are absorbing the business and pecuniary resources of the corporations over which they preside? What would appeal effect under these circumstances? Are the public prepared to encounter such risks by tolerating the principle upon which abuses of this character could be practised?

Or, again, imagine yourself to be the owner of a rolling mill upon the route of a Transporting Company who exercised the usurped right of discrimination, and that in the vicinity of this property there are other similar manufactories, the owners of which enjoy for their products the advantages of special rates of carriage, would not the comparative productiveness, profits, and value of these separate concerns depend, all other things being equal, upon the measure of discrimination bestowed in favor of the one to the detriment of the other?

It is manifest that the extent to which property-holders could contribute to the industrial advancement of the country, and to the employment of the working classes, would be regulated in a great degree by the capitious use of this abominable policy, on the part of men who can at will obstruct the public thoroughfares, and who can in fine, if they please, entrammel not only civil, but indeed political rights.

If the doctrine of discrimination be recognised, what, let us inquire, will be the position of that portion of the community thus made dependent upon the fickle decrees of Transporting Companies, and subservient perhaps, to the whims of vicious managers, who from a desire to gratify personal enmity, or being tempted by personal plunder, could use the license thus offered them, to extort unjustifiable concessions of property and money? If the right of Transporting Companies to sustain the system of Private Freight Associations upon the theory of discrimination once be established, many of them will ere long be traced to the legislative halls, seeking improper and dangerous power through the influence of men who have been pampered upon the fruits of this favoritism. They will be identified at the election polls, bartering discrimination in behalf of sycophants, who, sacrificing honor, have pledged themselves to support nefarious designs.

We shall find officers of corporations which have been created for the public convenience, endeavoring to assure their lucrative positions by peddling to stockholders* and others this cordial of discrimination, which, like the juice of a certain little flower about which I have somewhere read, so obscures the moral vision, so distorts the judg-

ment, and so infatuates the hearts of the receivers, that they are beguiled to dote upon and pander to the magician whose potent philter cajoles them.

So far the perils arising from discrimination have been represented as prospective in their effects; it is thought, however, that if the transactions of some of the Transporting Companies for the past few years are carefully investigated, it will be ascertained that these evils are actually in existence at the present time, and that this arrogated and dangerous power is employed, not only by corporations in upholding the Private Expresses, but individually by the officers of some of them in the manner and to the extent set forth in the foregoing prophecy.

From recent inquiry made by the General Assembly of Ohio, it appears that the people of that State have been aroused in regard to the system of Private Freight Associations, and have determined to disfranchise the corporations who have assumed to obstruct by discrimination the public thoroughfares of that State. Let the good example which is here presented stimulate the people of other States to institute similar energetic legislative proceedings, which will clearly and unmistakably and permanently define the metes and bounds of corporations with reference to this most important subject.

But the evils attendant upon the toleration of the system of "Independent Expresses" do not end with those which are referable to the practice of discrimination; extending still further, they affect most disastrously the business and pecuniary resources of the Transporting Companies. Hence, not the community merely, but likewise the stockholders in these institutions, are deeply concerned in the eradication of this culpable policy.

While, perhaps, a dissection of this topic may not impress the stock-speculator, who, as it were, buys to-day and sells to-morrow; while it might not interest the well-satisfied stockholder, who, perchance may be nourished and braced by the rich cordial of special privilege; while it might not arrest the attention of the over-occupied stockholder, who, whilst he punctually receives every six months an eight or ten per cent. dividend, fancies that this question concerns him not, forgetting that perhaps the Private Organizations may have consumed the entire earnings of the companies with which he is associated, that perhaps the dividends paid may have been produced by the workings of some clandestine law, sanctioning the issue and the sale of an increased amount of stock or bonds, or may have been acquired from the proceeds of street bor-

rowing at ruinous rates of interest; while the credulous stockholder who believes that all is right, may fail to question because something implying value which has been secretly diluted and adroitly extracted from one of his pockets, is with solemn formality consigned to the other, when in fact both pockets should have been full of *cash dividends*; it is believed, notwithstanding, that the thorough sifting of this subject is a matter of serious moment to the majority of stockholders in the Transporting Companies whose officers uphold the scheme of Private Freight Expresses.

Even the brief outline which already has been presented in the early part of this letter, with reference to the character and extent of the special favors which are granted to private organizations, is supposed to be sufficient to excite the wonder of the unprejudiced and to provoke vigorous examination into the propriety of the support by Transporting Companies of a device which is so antagonistic to their own prosperity.

In what then consists the expedience of this measure? Are not the Transporting Companies indisputably the masters of their respective improvements? Do they not possess the capital, the credit, the police, and the equipment with which to transact all the business that may be

offered to them? Now it being the case, that the Private Freight Expresses pursue their affairs exclusively upon the thoroughfares thus owned and appointed, it is plain that the Transporting Companies hold dominant positions, and that they could, if so disposed, maintain themselves and reap the entire benefit of the carrying profits, which under the present *régime* inure to their parasites.

May it not fairly be assumed that the earnings of the private associations are the fruits of special immunities, arbitrarily and unjustifiably bestowed without the return of adequate and corresponding considerations, and that their receipts are actually mere gratuities of millions of money from the Treasuries of the Transporting Companies?

What can possibly be urged to vindicate the continuance of this measure? Is it not to be expected that the license and generous subsidies which are secured to the Private Expresses, will give permanence to a system which sooner or later must undermine the very existence of the Transporting Companies, by bringing into being projects which are rapidly becoming the powerful rivals of those who foster them?

Even a cursory consideration will show that these associations are accumulating strength which will allow

them to exact each year more extortionate terms, ultimately to gain the *prestige* of the commercial centres, and the greater part if not the entire traffic of the Transporting Companies.

These subtle and baneful influences have, during the last four years, reduced the revenues of many corporations, and have forced others of them, even extensive and eligibly located lines which are free from the counteraction of adverse routes, to apply for legislative relief to enable them to replenish their treasuries and to pay dividends by creating and selling additional bonds and stock. If otherwise, how is it, notwithstanding that the last four years have included the most propitious era which has ever been, and perhaps, which ever will be experienced by Transporting Companies, their net incomes have not been increased proportionately to the augmented trade which is claimed to have accrued to them through the instrumentality of the parasitic associations? It has been sought to account for this condition of things, as arising from the high prices of labor and materials during the war. Have these in reality been the true causes? Have not the Transporting Companies in every instance more than counterbalanced these additional expenses, by availing them-

selves of the enormous accretion of tonnage which has arisen from the late rebellion, and by advancing their charges for passengers and merchandise? An examination of their tariff tables for that period impresses this conviction. Moreover, if to unusual expenditure is to be ascribed the present restriction of finances, which has compelled some Railroad Companies to become borrowers, would not the net profits of the corporations who were unburdened with Private Freight Expresses have been equally diminished? Does this appear to have been the case?

If, then, the Transporting Companies really control their respective thoroughfares, why is it that prompt and direct measures are not taken to abrogate a policy, which each day becomes more and more prejudicial to their interests? Why do not the Transporting Companies, making common cause, in one solid phalanx resolutely resist the continuance and the encroachments of private enterprises? Is it apprehended that the effort would be unsuccessful? One moment's reflection should dissipate such fears. Admit that this undertaking would bring about open hostility, what would be the nature of the conflict? Would it, if resolutely engaged in, be more than a brief trial of strength, as it were between

the elephants and the ants, a mere crushing out of insects under the tread of overwhelming power?

To proceed further in pointing out the objectionable features of Private Freight Expresses, or for the purpose of refuting the sophistical arguments which have been advanced by their advocates, would be an endless task for the writer, and an unnecessary tax upon the patience of intelligent thinkers. A few more words, and I have done. Stockholders, examine into this subject for yourselves. Do not accept as facts the mere declarations which are presented in the annual reports of the officers whom you have placed in charge of your interests; these documents are too often merely thrown together as Mother Goose's stories, more for the purpose of diversion than for instruction, chiming indeed with golden accord to unreasoning ears, but which are at once recognised by awakened intelligence as incoherent and senseless.

Let each stockholder in our institutions take up individually the deliberate investigation of this subject, with a settled determination to ascertain its merits, not by the labors of a "packed committee," appointed through the intrigues of those who are profiting by the continuance of this vicious system, because mayhap, under the circumstances, "the jury passing on the prisoner's life may,

in the sworn twelve, have a thief or two guiltier than him, they try." Let, on the contrary, the committee be cautiously selected. Let its members be men whose integrity is undoubted, and whose judgments are known to be uncontrolled by the mesmeric force of discrimination. Let these steps be taken at the next annual meetings of the companies with which you are connected. Delay is dangerous; do not hesitate; may your action be spurred by the recollection that

"Our doubts are traitors, and make us lose the good we oft might win, by fearing to attempt."

ŒDIPUS.

SEE APPENDIX.

| | |
|---------------------|---------|
| Extracts marked C., | page 45 |
| " " F., | " 57 |

CHICAGO, ILLINOIS, January 30th, 1867.

MY DEAR SIR:

I have received your communication inclosing the Annual Report for the year 1866, of the President of the Pennsylvania Railroad Company.

As you have not given me your opinion of my last letter, referring to Private Freight Expresses, but have forwarded the report, I naturally infer that you have furnished it as embodying your views in regard to this matter.

It is to be regretted that you thus assume a position which is seemingly unfair, inasmuch as the report merely refers to the operations of the Private Express System, so far only as they have been experienced upon the Pennsylvania Railroad.

While contending that the results in one instance should not be accepted as evidence of the general expedience of the measure, it would be improper for me to attempt to refute the assertions of the compiler of the report, except where they involve general principles.

However, as you have offered this document with a view to establish the fallacy of my reasoning, I must proceed to meet you on your own ground. To this end I

shall quote in full the declarations of your author. Both sides of the question will thus be unfolded, and will assist the unprejudiced reader to decide upon its merits. You will understand the use, for the purposes of discussion, of the personality of direct allusion, which of course will be avoided as much as possible.

In considering the statements of an author whom we must suppose to be familiar with the transactions of the company over which he presides, I am undoubtedly exposed to decided disadvantage from the fact that I am in a distant State, and am almost entirely unacquainted with the condition of the corporation to which reference is made.

Still, as Henry IV once said, "With a valiant heart nothing is impossible," and under this infatuation, "I'll talk awhile with this learned Theban."

Through this report, its distinguished author announces to the stockholders by whom he is employed, "*that after many years of unsuccessful efforts to induce the New York lines to abandon their policy of committing a share of their freight business to Private Freight Expresses, the Pennsylvania Railroad Company, for the purpose of counteracting the diversion of traffic from its route, caused by these organizations, and to provide at least equal facilities for the mer-*

chants of Philadelphia, assented to the introduction of similar lines upon your railways."

Assuming then that this report sets forth the general theory upon which the officers of the Transporting Companies endeavor to establish and maintain the policy of Private Freight Expresses, let us pause here for awhile and feel for the substance of this reasoning, "For he draweth out the thread of his verbosity finer than the staple of his argument."

Shortly after the arrival of this document, and while in search of authorities upon which to refute its doctrines, quite unexpectedly I came across a pamphlet issued by the President of the Baltimore and Ohio Railroad Company, formally representing the proceedings at a recent meeting of railroad officials, which was held in May last at the St. Nicholas Hotel, in the city of New York. The consideration of the impropriety of upholding the system of Private Freight Expresses, appears to have engrossed a considerable portion of the deliberations on that occasion. As the transactions connected with this convention bear with great pertinence upon the declarations of the foregoing quotation, perhaps I may be permitted to recite them.

The case may be stated as follows: We learn from the

author of this pamphlet, who acted as the presiding officer of the congress, that the Vice-President of the Pennsylvania Railroad Company, appearing there as the accredited representative of that corporation, was appointed secretary for the occasion, and that at the adjournment, the President in customary form directed the secretary to prepare and publish the proceedings.

A short time afterwards, there was circulated an anonymous pamphlet professing to recite the transactions of the convention. Soon after this publication the President of the New York meeting, being, as he says, unwilling to suffer the spreading abroad of misrepresentations in regard to the business deliberations over which he had presided, forthwith promulgated by the authenticated pamphlet, to which I have already referred, correct minutes of what had taken place. Mark the declarations of this gentleman. He not only denies that the "*Quixotic speech*," which the anonymous pamphlet attributes to the authorised representative of the Pennsylvania Railroad Company, was ever made at this assembly, but goes so far as to say that he considers it calculated to produce incorrect conceptions of the sentiments of his colleagues and himself, and with respect to their efforts to exclude the Private Freight Expresses from the thorough-

fares of Transporting Companies, by terminating their especial contracts, and by charging them the regular rates of carriage. He moreover positively asserts, that it was the determined resistance of the representative of the Pennsylvania Railroad Company, in withholding the controlling vote, which alone defeated this great measure of reform. (See extracts page 47, in Appendix.)

Let us here tarry awhile, for in this enigma there will be found a feast for the imagination and ample matter for comment, when, in conjunction with the foregoing statement of the presiding officer of the New York meeting, we recall the assertions of the President of the Pennsylvania Railroad Company, viz. :

“After many years of unsuccessful efforts to induce the New York trunk lines to abandon their policy of committing a share of their freight business to Private Freight Expresses, the Pennsylvania Railroad Company, for the purpose of counteracting the diversion of traffic from its route caused by these organizations, and to provide at least equal facilities for the merchants of Philadelphia, assented to the introduction of similar lines upon your railways.”

It might reasonably be inferred that at the time the author's pen was inscribing these thoughts there still remained in his mind some doubts as to the wisdom of this

measure, which, from the silence of preceding reports, would seem to have been adopted only during the current year, yet the accredited emissary of the Pennsylvania Railroad Company appears at this meeting as a supporter of the Private Freight Expresses within three months of the first announcement of their introduction upon the thoroughfares of that corporation, and after probably less than a twelvemonth's practical experience of the results of a policy which its own President had so lately resisted, and in opposition to which he had employed "*many years of unsuccessful efforts*"!

Under these circumstances would it not have been more prudent, and more protective to the interests of the Stockholders for whom he was acting, to have seized upon this fortunate opportunity to disembarass his Company of a comparatively untested policy, towards which he had so recently held a position of antagonism? Would it not have been more reasonable and more consistent with the former convictions of this gentleman to have urged rather a postponement than the abandonment, of a measure which sought the eradication of what he appears to have still considered an evil?

To return to our text: What, it may be inquired, is the peculiar power enjoyed by the "Private Freight

Expresses" which is not within reach of the Transporting Companies?

Have these enterprises the command of more capital? Are they owners of the improvements over which they operate? Are they not obliged to pay at least for the motive power which propels their cars, and to provide and maintain at least their own police and equipment? Can they and do they command more extensive and more efficient appliances? Do they and can they transport freight for a smaller consideration, more expeditiously, more successfully? Or do the hieroglyphical, mythological, and national emblems which fantastically decorate their freight cars bring about this insuperable control?

Does the existence of Private Freight Expresses in one State make advisable the support of similar organizations by the Transporting Companies of other States? Yet it is averred by the head of an institution which governs upward of fifty millions of dollars, that this Company, "*for the purpose of counteracting the diversion of traffic from its route, assented to the introduction of 'Private Freight Expresses.'*" Surely, concessions of this character and magnitude have not been made by such gigantic corporations through fear of the counteraction of private organizations! Then this apprehended "*diversion of traffic*"

must have been anticipated from the operations of "*competing lines*," and to these causes are to be ascribed the toleration of Private Freight Expresses.

These facts being admitted, what were the dangers? Were they real, substantial?—or were these huge chimeras which threatened to devastate and devour, scaring away traffic from its legitimate channel, mere phantoms in short, which were made to appear through the machinations of adroit demonstrators upon the whitened walls of Directors' chambers!

Would it not be rational to suppose that the companies which should continue independent of Private Freight Expresses, thus avoiding their depleting influences, would be able successfully to compete with the corporations which, at such sacrifice of vital strength, uphold these parasitic organizations?

The position taken by the writer of the Report is that because united action could not be attained between Transporting Companies in suppressing this evil, and inasmuch as it was sustained by the "*competing lines*," that the only mode of "*preventing a diversion of traffic*" would be to make *general* the policy of tolerating Private Expresses. Why should this be the case? Would not the Transporting Companies who acted indepen-

dently have gained ascendancy over their opponents? Could they not have worked for a similar compensation? Could they not in combination have successfully resisted opposition, whereas those which sustain the "*Fast Freight Lines*" must ultimately be exhausted by having their allies as well as themselves to maintain.

To pursue this view of the case, could not the untrammelled and united corporations for awhile have thrown out their skirmishers at commercial centres, in the capacity of soliciting agents, and have carried for the public at the same rates which are paid by the Private Freight Expresses to the Transporting Companies who countenance them? The effect would obviously have been to absorb the profits of the parasitic enterprises, and the erring Transporting Companies would have been wasted in their endeavors to succor their allies, or else would have been compelled either to abandon them, or together with them to be overpowered in the contest. In fact, this purgative process would not only have ameliorated the condition of Transporting Companies generally, but it would have benefitted those which should have undertaken the initial measures, by acquiring for them the confidence, the co-operation, and the patronage

of the community, as well as a more extensive and profitable business.

How then can we explain the voluntary assumption of this oppressive yoke by independent companies? Have they by this sacrifice of independence improved their condition, or have they fortified themselves against the attack of "*competing lines*"? Have they not, on the contrary, cast away their advantage, and reduced themselves to an equality with their opponents? Have they not guaranteed to their adversaries the very power which enables them at any time, with equalised chances of success, to contest "*a diversion of traffic*"? If, then, "*competing lines*" choose suicidally to give life and being to their own destroyers, let the unshackled corporations avail themselves of this madness, and if necessary, "*divert the traffic*" of their rivals by maintaining *Fast Freight organizations for the exclusive benefit of their own stockholders*. What is to prevent the connecting lines from instituting systems such as I have indicated, for their joint accommodation and for the general convenience of the community?

An equitable arrangement is possible with reference to this matter. Let the railroad companies contribute to the proposed organization a given number of cars to be

employed by them; and upon this basis let there be monthly settlements of outlay and profit.

This plan is simple, and appears to be practicable. That it would counteract "*the diversion of traffic*;" that it would bring about a combination of capital, which would lessen the number of petty contests now so frequently occurring between "*competing lines*;" that it would secure ample facilities to the public; that it would largely augment the business of railroad corporations; and that it might possibly add at least a little to the dividends of their respective stockholders, are facts too evident to need further insistence.

To recur to our text :

It is averred by the distinguished author that in order "*to provide at least equal facilities to the merchants of Philadelphia, the Pennsylvania Railroad Company assented to the introduction of similar lines,*" i. e., of *Private Freight Expresses*.

It is true that to "*the merchant*" the "trans-shipment" of goods becomes a matter of considerable importance, and we may admit that the difficulty attending it is in a measure overcome by means of the associations advocated by this gentleman, which perhaps in this particular afforded greater conveniences than were gen-

erally enjoyed under the old *régime*. What, however, becomes of the argument when we reflect that the "Private Freight Expresses" might be entirely dispensed with, and that similar accommodations might be substituted under the direct administration of the respective Transporting Companies?

If under this policy goods should be more frequently transferred, if they were longer delayed *en route*, or if they were exposed to greater charges, these irregularities would demonstrate, not the fallacy of the principle, but the incompetence of management. In fact, would not the interests of "*the merchant*" be advanced by this change? Under the present regulation he pays a profit to the Private Freight Express for receiving and delivering his commodities, as well as to the companies which propel them; whereas, under the proposed arrangement, he would be called upon to pay merely *one profit* and that to the Transporting Companies, who in consequence of a much more extended business could afford proportionately to reduce their carrying rates.

Let us then commit our merchandise to Fast Freight organizations, which shall be owned and worked by connecting lines.

For my views, further than they are expressed in the

foregoing pages, I beg to refer you to my former communication.

While the plan there proposed would ultimately exterminate Private Freight Expresses, thereby preventing a "*diversion of traffic*" and restoring certain fundamental benefits to the merchant, we must concede that he would not receive the same extensive "*facilities*" as at present; it is insisted, however, that where commercial advantages are equally distributed, the important matter is gained, and the so-called "*facilities*," whether they be greater or be less, become of little consequence to the "merchant," so long as his competitors do not occupy more favorable positions than himself.

Let us not be weak enough to concede that the existence of a folly justifies its universal adoption, although it must be admitted that this doctrine suggests a happy method of blinding the common judgment and silencing censure.

Those who in the present strait ingeniously urge the use of this remedy, fail to demonstrate that its application has promoted the interests which have thus far been made subservient to its influences. "There is something in this more than natural, if philosophy could find it out."

Upon reference again to the report we learn, that "*The cars to be provided at the expense of the transporters are of compromise gauge; that they might reach all important points in the West or Northwest without trans-shipment; that these Fast Freight lines maintain agents in all the Western cities, who personally superintend the prompt and proper delivery of freights, and see to the settlement of claims for damages or delays, and that the result has been to secure a class of business, without interfering with the ordinary tonnage of the Company, that has not heretofore been reached.*"

It must be recognised that this statement gives a concise, comprehensive, and perhaps a correct representation of the operations of Private Freight Expresses, as well as of the able management which is claimed to govern them.

As it is not the object of this discussion, however, to criticise the business arrangements of these enterprises, or to vainly attempt disproof of the qualifications of gentlemen of "no ordinary rate," I shall yield the foregoing points, all the more because I am conscious that the opportunities of our author have been far greater than my own for the acquisition of reliable and minute information upon them.

The fact alone, that the Private Freight Expresses

provide their own cars, surely does not make manifest the wisdom of tolerating these associations upon the thoroughfares of Transporting Companies. It must first be proven that the private organizations do not receive from special privileges collateral advantage which compensates them for this seeming consideration, and that these concessions are not in reality a greater tax upon the Transporting Companies than they would have incurred in supplying their own cars. If these points had been established, it would enable me better to appreciate the impression which the author has endeavored to convey.

The circumstance, indeed, that these cars are "*of compromise gauge*," is an item of information which might perhaps be of service to the tyro who is thirsting for comprehensive knowledge of improved railroad appliances; but in itself, without proof that the Transporting Companies are unable to procure similar cars, it brings no conviction to intelligent stockholders who are desirous to determine the propriety of a policy which is annually engrossing millions of their capital.

The announcement of the author that these cars "*reach all important points in the West or Northwest*," pertinently contrasts the *seigneurial* special corporate enactments with the progressive development of those portions of

the country which are under the beneficial influences of general laws. While the citizens of every State should be hereby stimulated to united and determined action in demanding at least the passage of general railroad laws, with the most liberal privileges, wherever they are not already in existence, while it offers useful examples of energy to the officers of Transporting Companies, does it throw light where darkness prevails, unless indeed it is to be assumed that the "West or Northwest" are accessible to the Private Freight Expresses *only*?

The employment by the "*Fast Freight lines*" of "*agents in all the Western cities who personally superintend the prompt and proper delivery of freights, and see to the settlement of claims for damages and delays,*" appears to guaranty the talent, watchfulness, and competence of those having charge of these enterprises; and although this assertion makes pointedly known to the officers of the Transporting Companies the defects in their own systems, and furnishes valuable suggestions for reform, we may, notwithstanding, inquire what is to prevent the attainment by Transporting Companies of the same efficiency in administration which our author claims for the Private Freight Expresses exclusively? Inasmuch as these organizations have furnished "*a class of business*

without interfering with the ordinary tonnage of the Transporting Company, which has not heretofore been reached," it is clearly demonstrated that the officers of these corporations have been remiss in the discharge of their duties ; that they have not shown the tact and energy which they tacitly pledged themselves to exercise : but does the mere incompetence of these servants of the public establish the wisdom of tolerating the system of Private Expresses ? Is there not something more required to confirm the propriety of this policy ? Should there not be evidence produced that these enterprises in furnishing this traffic have been useful and remunerative auxiliaries,—because tonnage, without profit, wears out machinery and improvements, finally exhausting the resources of Transporting Companies ;—that this valuable tonnage so acquired could not have been secured under proper *surveillance* by Transporting Companies themselves ; and that if it had been, it would not have yielded greater profit than they now realise in obtaining it through the present medium ?

Had it not been for the dedicatory title of this Report, and the nature of its contents, I should have inferred, from the language of the foregoing quotation, that it was addressed not exclusively to the Stock-

holders interested in the prosperity of the Pennsylvania Railroad only, but also to those who were likewise associated with the Private Freight Expresses, because, while the author has very ably elucidated even minute details with reference to the government and activity of these organizations, there is no formal setting forth of the fact that such business has been remunerative to the Pennsylvania Railroad Company; there is not a single comparative table exhibited to establish the increase of tonnage which is claimed to have been acquired through this associated private agency; there is not an item by which even the most intelligent, the most profound and erudite railroad adept could for himself ascertain the present expedience of the introduction of this system, in opposition to which the author's own doubts impelled him to devote so "*many years of unsuccessful efforts*"!

With the millions of money of which the Transporting Companies boast; with the proficient and intelligent officers who direct them; with the magically persuasive influence which these gentlemen possess over the majority of the lawmakers of our land, what necessary thing is beyond reach for securing to the Transporting Companies successful competition with any and all of the Private

Freight Expresses? What is to restrict these corporations from providing an adequate complement of cars and even "*those of broad gauge, capable of reaching all important points in the West or Northwest*"? What is to deter these powerful corporations from securing and retaining honest and efficient "*agents in all the Western cities who can personally superintend the prompt and proper delivery of freights, and see to the settlement of claims for damages or delays*"? What is to prevent these companies, with their engines, from making as fast time *with their own cars*, as is made with those of the Private Freight Expresses? What is to preclude them from "*securing a class of business without interfering with their ordinary tonnage, and which has not heretofore been reached*"? What can restrain them from acquiring traffic from the possession of which their own lethargy alone has heretofore excluded them, which will augment their business, and produce to them shortly an *extra* "ordinary tonnage," thereby enlarging their revenues and perchance rendering more fruitful the investments of stockholders? Do the trade-marks of the Private Freight Expresses, the "Star" and the "Arrow," possess preternatural power? Does the "Star" guide to a successful result? Does the "Arrow" accelerate enterprise, or produce a sympa-

thetic fondness between the carrier and the community? If so, let the "Star" and the "Arrow" be indelibly inscribed upon every freight depôt, upon every engine, upon every car, and become the livery insignia of every Transporting Company in every State in this Union!

Why then are the Private Freight Absorbers permitted to run at large over the thoroughfares of many of the Transporting Companies? "Though this be madness, yet there's method in't."

To ascertain the cause, if I were to refer you to an astrologer, or to the mythology of Cupid, you would laugh at me; but if I appeal to your common sense and commit the solution of this problem to your own intelligence, I believe that you will commend me.

Truly, "Gratiano speaks an infinite deal of nothing more than any man in all Venice. His reasons are as two grains of wheat hid in two bushels of chaff; you shall seek all day ere you find them; and, when you have them, they are not worth the search."

ŒDIPUS.

APPENDIX.

C.

EXTRACT OF A LETTER

Published in the London Railway News, addressed from New York by a correspondent of that Journal.

“NEW YORK, October 18th, 1866.

“By far the most important matter in connection with the railway interest here at the present time, is the announcement made of the dividends of the Adams Express Company.

“On your side of the Atlantic, nothing corresponding to our express companies exists, for, even slow-going and antiquated as the Old Country is supposed to be, *it would not for a moment be permitted that any powerful association should step in as huge middle men, to absorb to themselves that lion's share of the profits of the railways, which these carrying companies have managed to secure for themselves.*

“Imagine to yourselves for a moment that Pickford, or some other of your well-known carriers, instead of acting as agents for your leading companies, farmed their entire carrying power, could fix rates and charges as they pleased, and act in short as the masters of undertakings, *towards which they had not subscribed a penny, and you would then be able to form an idea of the despotic and injurious powers which these companies exercise in regard to American railway property.*

“A little daylight has been let into their doings by the

official announcement of the 'Adams' Company, of a dividend of \$200 on each share of \$100, and a further bonus of \$300 in stock, bringing up the present stock to \$12,000,000, upon which the Company is now paying a dividend of one per cent. a month, or a quarterly dividend of three per cent.

"This is a fair sample of the plunder of railway proprietors by associations of this kind, which, owing to the neglect and apathy of those intrusted with their interests, have been permitted to grow up as excrescences of the railway system of this country.

"The enormous profits which have been made have very naturally brought powerful competitors into the field, and a new company—the Merchants'—has just been established, with a capital of \$18,000,000, the leading principle on which it is founded being that of perfect and thorough independence, and pledged, as far as words and resolutions can bind the Company, not to allow themselves to be bought up or amalgamated with any of the existing companies.

"These wealthy combinations seek, however, to extend their business upon a safer basis. Not content with being the carriers merely, they seek to become the owners of existing railways, and having every facility for estimating the value of the traffic on particular lines, they are in an excellent position to judge of the value which the property would be in their own hands.

"These rival companies are accordingly seeking to purchase some of the leading lines, with a view effectually to exclude other competitors, and it is in part due to the action of these parties that the great rise which has taken place in all description of railway property is to be traced."

AUTHENTICATED PAMPHLET.

PROCEEDINGS OF THE MEETING OF THE FOUR
ATLANTIC TRUNK LINES,

Held at the St. Nicholas Hotel, New York, May 22d and 23d, 1866, called by the Vice-President of the Erie Railway Company, in pursuance of a resolution passed by the Convention held at Buffalo, May 2d, 1866.

It has become my duty to present the record of the actual proceedings of the Railway meeting, held at the St. Nicholas Hotel, New York, on the 22d and 23d of May, 1866, over which I presided as Chairman.

The circumstances, which devolved this duty upon me, are stated in a letter addressed respectively to the Presidents of the New York Central and the Erie Railway Companies, a copy of which is appended.

JOHN W. GARRETT,
Chairman.

Present—

DEAN RICHMOND, *President New York Central R. R. Co.*
JAMES H. BANCER, *Director New York Central R. R. Co.*
R. H. BERDELL, *President Erie Railway Co.*
A. S. DIVEN, *Vice-President Erie Railway Co.*
DANIEL DREW, *Director Erie Railway Co.*
H. L. PERSONS, *Director Erie Railway Co.*
B. W. BLANCHARD, *General Freight Agent Erie Railway Co.*
W. H. VANDERBILT, *V. P. Hudson River & Harlem R. R. Co.*
THOMAS A. SCOTT, *Vice-President Pennsylvania R. R. Co.*
H. H. HOUSTON, *Gen. Freight Agent Pennsylvania R. R. Co.*
JOHN W. GARRETT, *President Baltimore and Ohio R. R. Co.*
JOHN KING, JR., *Gen. Ft. Agt. Baltimore and Ohio R. R. Co.*

On motion of Mr. Diven, JOHN W. GARRETT was elected Chairman of the Meeting, and THOMAS A. SCOTT appointed Secretary.

The proceedings of the Buffalo Convention of May 2d, 1866; and the proceedings of the Convention held by officers of Western roads at Indianapolis, May 10th, 1866, were read,

and copies were ordered to be printed with the proceedings of this Convention.

Mr. Diven then submitted the following letter of appointment, making HON. SAMUEL SLOAN the Commissioner on behalf of the Companies represented therein :

THE PENNSYLVANIA RAILROAD COMPANY, the BALTIMORE AND OHIO RAILROAD COMPANY, the NEW YORK CENTRAL RAILROAD COMPANY, and the ERIE RAILWAY COMPANY, in pursuance of the resolutions of the Railroad Freight Convention, held in the City of Buffalo, May 2d, 1866 (a printed copy of the proceedings of which is hereto annexed), have agreed upon and appointed as the Commissioner, in said resolutions mentioned, the HON. SAMUEL SLOAN, of the City of New York, with a salary of ten thousand dollars per annum, to be paid monthly, one quarter by each of the respective parties.

The said Commissioner shall keep an office in the City of New York, to which the officers of the said roads shall have access.

He shall hear all complaints of any and all violations of the agreement contained in said proceedings, respecting reductions of rates, when made in writing, and after full and careful investigation, shall render his decision as to whether any agent, officer, employé, transportation, express, despatch, or other person or company having anything to do with soliciting freight over the said roads, has violated the agreement contained in said resolution, whether in the letter or spirit of the same, and shall at once report to each of the respective Companies such decision, with the evidence upon which the same is founded, and in such decision shall decide and determine what officer, agent, or employé, whether by salary or commission, shall be dismissed the service of the Company he represents for violation of the spirit of said resolutions.

He shall also inquire into all cases where connecting roads refuse to maintain the rates on westward bound freight established by the roads, parties hereto, and report to each

of the Companies, when under the provisions of the said resolutions they should refuse to ticket passengers, or bill freight, unless the same is prepaid according to said resolutions.

He shall also inquire into and report to the several Companies parties hereto, when any Western road reduces the rates of freight established by the Western roads on eastward bound traffic, and when, under the letter or spirit of said resolutions, the roads parties hereto, should refuse to receive and pay back charges on said freight.

He shall, when in his opinion just charges are made in writing, have the right to inspect the offices and papers of the Freight Department of the parties hereto, and the offices and papers of any transportation, despatch, merchandise, express, commission or other agencies, doing business over the roads of either Company, to enable him to decide whether any violation of the provisions of said resolutions have been made; and any agent or officer, whether of either of said Companies, or of any transportation, despatch, merchandise, express or other agency, who refuses during the progress of such investigation, to fully answer any question put by him, or who shall answer the same falsely, shall be reported to the respective Companies, to the end that such agents of the Railroad Companies may be dismissed; and if of any Company doing business over either of the roads, parties hereto, that such Company shall be deprived of any rights upon said roads, unless such agents are dismissed by them.

The said Railroad Companies hereby agree to abide by and respect the decisions of the said Commissioner in all things hereby submitted to him.

In case the parties hereto shall agree hereafter upon rates, terms, and conditions, for the transaction of through passenger traffic, the general supervision thereof, in order to maintain rates and agreements, shall be placed with Mr. Sloan, as part of the duties of the position of Commissioner, created by this agreement.

In addition to all the foregoing, the Commissioner shall

carry out such instructions, in regard to passengers and freight, or modifications or changes of the proceedings at the Buffalo Convention, as may be made from time to time by the parties hereto. Should any difficulty arise in carrying this agreement into effect, either party may, on thirty days' notice in writing, to the Commissioner and to the other parties hereto, elect to terminate this agreement, and the same shall thereupon be terminated accordingly.

PENNSYLVANIA RAILROAD COMPANY,
By J. EDGAR THOMSON,

President.

ERIE RAILWAY COMPANY,
By ROBERT H. BERDELL,

President.

BALTIMORE AND OHIO RAILROAD COMPANY,
By JOHN W. GARRETT,

President.

DEAN RICHMOND,

President New York Central Railroad Company.

NEW YORK, May 23, 1866.

This agreement, at the close of the proceedings of the Convention, was approved and signed by the Baltimore and Ohio and New York Central Companies—having been previously signed by the Pennsylvania and Erie Railway Companies.

The following resolutions in regard to passenger and freight traffic were offered by Mr. Garrett, and adopted:

Resolved, That neither party shall, after the first of July next, directly, or indirectly, employ runners or agents of any description off their own roads, or retain those now in their service for the purpose of soliciting passengers, or allow any compensation by way of commission, drawback, or otherwise, for procuring passengers for their respective roads; but each party shall be at liberty to employ one person as a travelling agent, to inquire into the sale of tickets by connecting lines, and whether the Company such agent represents is fairly treated by other roads, as to its passenger busi-

ness, at competing points; and that each party shall refuse to sell through tickets over any line connecting directly, or by means of other roads, that shall not withdraw such agents on or before the first day of July next, or conform to the above stipulation in relation to commissions for procuring passengers. Neither company shall, in any way, directly or indirectly, procure any other company, its officers, or agents, to exercise any influence to favor the traffic over its road in preference to those of the other parties hereto, nor shall either of the parties hereto, or their agents, influence traffic over, or to and from, particular connecting lines to the injury of other connecting lines; it being intended that business shall be left to take its own course and its most convenient channel.

Resolved, That hereafter no time receipts for transportation of freights shall be given by any of the parties hereto, East or West, nor will they permit any Fast Freight Lines, or Freight Organizations operating over their respective Lines to give "Time Receipts" in either direction, unless an addition of not less than Twenty-five per cent. (25 p. c.) shall be made to the regular rates established from time to time.

The following preamble and resolution were offered by Mr. Garrett, and seconded by Mr. Berdell, to wit:

WHEREAS, With the present reduced earnings and large relative expenses of railways, it is important that the best practicable arrangements should be effected to secure improved net results; and WHEREAS, It has been found by experience that all freight-express and fast freight lines, other than those for legitimate express business upon passenger trains, are costly to railroads; that a large percentage of the earnings of railroads is paid to sustain their expensive and extensive organizations, and to make their large profits; that as they obtain large commissions or reductions from the established tariff rates, and the margin thus afforded frequently leads to allowances to shippers by secret contracts for drawbacks, commissions, drayages, &c.; and that *agents and officers of railroads frequently become interested in the*

stock and gains of such fast and express freight companies, and are thereby tempted to use their official influence and power for the profit of such organizations, instead of for the advantage of the Railway Companies which employ them—therefore, in order to avoid such corrupting influences, and to secure the proper receipts and earnings for freight transportation directly to the treasuries of the Railway Companies,

Resolved, That from and after the first of July next, all arrangements for any pay, or allowances of any description to any fast freight or express company, other than on passenger trains, shall be discontinued.

Messrs. *Garrett* and *Berdell* voted AYE.

MR. SCOTT VOTED NO. (Vice-President of Pennsylvania Railroad Company.)

MR. RICHMOND declined to vote, *having stated that he was prepared to vote AYE, IF THE PENNSYLVANIA CENTRAL Company WOULD SO VOTE.*

As unanimous action was required, the resolution was not adopted.

The Erie Railway Company stated that as the desired reforms regarding Fast Freight lines were defeated, that Company would move a reconsideration of the resolution regarding passenger traffic, which was accordingly reconsidered.

The Erie Company then offered the following resolution as a substitute therefor, which was adopted:

Resolved, That neither party shall, after the tenth of June next, directly or indirectly employ runners, ticket-sellers, or agents, or retain those now in their employ, for the purpose of soliciting passengers of any class who are compensated by way of commission or drawback for procuring passengers for their respective roads; and that each party will refuse to sell through tickets over any line connecting directly or by means of other roads that shall not withdraw, on or before June 10th, 1866, such agents, ticket-sellers, or runners, as are paid by commissions, or shall not conform to the stipulation of this resolution, in relation to commissions for procuring pas-

sengers. It is not intended hereby to prohibit either party from renting offices or employing agents on salary, so long as such agents refrain from offering any pecuniary or other reward to any passenger or person controlling passengers by way of drawback, hack hire, free passes, or any inducement whatever, other than by recommending the line for which he sells tickets; and any agent violating any of these provisions shall be dismissed, and when practicable their office be abolished; nor shall any officer, agent, or employé of any other company be paid a salary or be employed to secure passenger traffic.

Offices for the sale of tickets may be established by the Commissioner in such hotels or other public places outside of the terminal offices of the respective lines, and the regular offices of the parties to this agreement, in the cities of New York, Boston, Philadelphia, and Baltimore, as to him may seem needful to fully accommodate the wants of the traveling public. The agents appointed by the Commissioner for all such agencies, and the locations thereof, shall be subject to the approval of the parties hereto. At all agencies so established, tickets shall be sold over each of the lines furnishing them without discrimination of any kind whatever; and said agents shall make a charge, over and above the published fares, of twenty-five cents on each ticket sold by them, the revenue resulting from such extra charge to be used for the purpose of defraying the expenses of the extra offices provided by the Commissioner. If the charge thus made shall not be sufficient to pay the expenses of agents and extra offices so established, then the deficiency shall be paid by the parties hereto in proportion to the gross sale of tickets in all such agencies over their respective lines.

And further, that in addition to the terminal office of each route in the cities referred to, each Company may have but one additional office for freight and passengers, to be maintained (under the terms and restrictions of this resolution), by the Company establishing the office.

The following resolutions were adopted :

Resolved, That a revision of the rates of transportation of

freights, West and East, be referred to the General Freight Agents of the parties hereto, for immediate action, for the purpose of making a general advance of rates from time to time, and maintaining them when made.

Resolved, That fifteen hundred copies of the minutes and proceedings of the Convention be printed for distribution.

Resolved, That this Convention adjourns subject to the call of the Commissioner, or of any two of the four Trunk Lines, upon giving five days' notice.

J. W. GARRETT,
Chairman.

BALTIMORE AND OHIO RAILROAD,

PRESIDENT'S OFFICE,

BALTIMORE, June 5th, 1866.

SIR: At the late meeting of the Trunk Lines, held at the St. Nicholas Hotel, in the City of New York, on the 22d and 23d of May, 1866, the New York Central, Erie, and Baltimore and Ohio Railroad Companies were represented,—in accordance with the resolution, adopted at the Convention held at Buffalo, May 2d, 1866,—by their respective Presidents, and the *Pennsylvania Railroad Company* appeared by its Vice-President, *Thomas A. Scott, Esq.*

It was desired by that meeting that I should preside over its deliberations, and *Mr. Scott* was appointed Secretary.

It has been regarded as necessary and proper that an authentic public record should be made of the action of the Trunk Lines, when thus assembled.

To secure this result, the journal of our proceedings has always, hitherto, been attested by the Chairman and Secretary; and, by a common understanding in this case, it was agreed that when thus verified, the record should be printed

under the supervision of the Erie Railway Company, at its printing office.

At the adjournment of our meeting at the St. Nicholas Hotel on the 23d of May, I notified Mr. Scott, the Secretary, that I should be ready to perform the usual duty, as chairman, in relation to this record when it was prepared, and requested him to furnish it for my examination and signature. I waited in New York for that purpose, but was surprised to learn that Mr. Scott had left the city, taking the papers with him.

I confess that I was still more amazed to learn, some days after, that a LARGE EDITION OF AN ANONYMOUS PAMPHLET HAD BEEN PUBLISHED IN PHILADELPHIA, PROFESSING TO DESCRIBE THE PROCEEDINGS OF OUR MEETING. Upon examination of that pamphlet, I perceive that it is not verified by any signature. It does not therefore even claim consideration as a part of our records, and certainly is not entitled to be respected as such.

THOUGH PRESENT AT ITS MEETINGS, I WAS NOT AWARE THAT MR. SCOTT HAD MADE THE SOMEWHAT EXTENDED ARGUMENT BEFORE THE CONVENTION, WHICH IS PRINTED AT THE CLOSE OF THE ANONYMOUS PAMPHLET.

It is quite remarkable that it should be seriously pretended, as has been done by Mr. Scott, that the preamble and resolution offered by me, regarding "pay and allowances of any description to any Fast Freight or Express Company other than on passenger trains," contained any reflection upon the "railway officers and employes of the country generally."

It is simply absurd to make such a statement with regard to a RESOLUTION SUPPORTED BY MYSELF, AND BY THE PRESIDENT OF THE ERIE RAILWAY COMPANY,—in reference to which the PRESIDENT OF THE NEW YORK CENTRAL RAILROAD COMPANY DID NOT VOTE, SIMPLY BECAUSE IT COULD NOT BE PASSED WITHOUT THE ASSENT OF THE PENNSYLVANIA ROAD, AND THE ONLY OPPONENT OF WHICH WAS MR. SCOTT. Were it not that his championship was entirely uncalled for and Quixotic—as no attack was either designed or made on the "standing for integrity of purpose and action" of "the railway officers and employes of the country generally,"—our very

numerous friends and co-workers in the Railway service, might not be too happy that Mr. Scott alone, in such a body, should appear to vindicate them.

In effect, those who differ from Mr. Scott on this subject believe that "the railway officers and employes of the country generally," are able and competent to manage the business of their roads and of the public, WITHOUT PROCURING SEPARATE "ORGANIZATIONS" to be "*managed by some of the most experienced transportation men in the country.*"

The resolution was one in which those supporting it concurred, as Railroad officers, in order that they might cooperate with their brethren in that profession, IN MAINTAINING ITS INTEGRITY AGAINST SYSTEMS OF RAILROAD MANAGEMENT, WHICH MAY ENTAIL MANY GREAT ABUSES.

I am free to say that I regard the entanglement of Railroad Companies *with separate organizations of fast freight lines*, where these are not engaged in legitimate express business upon passenger trains, as COSTLY AND INJURIOUS to THE PUBLIC and to RAILROAD COMPANIES. I regard it as the creation of a system of "middle men," who *obtain undue advantages* over the public in the control of the means of transportation, intended, primarily, for the public use. And I think it due to the public that the precise relations of such "middle men," and fast freight organizations, to the Railroad system of the country, should be thoroughly debated and understood, and I mean that they shall be.

I will, on a future occasion, take the liberty to expose *the sophistries and errors into which Mr. Scott has fallen, in his anxiety to sustain THAT which, I think, can be CLEARLY DEMONSTRATED* to be "a COSTLY and VICIOUS element in connection with railway interests."

In conclusion, I beg leave to observe that it is necessary that SOME AUTHENTIC RECORD of our last meeting should be preserved. I inclose you, therefore, memoranda which contain, I believe, an ACCURATE ACCOUNT of our proceedings. Will you be good enough to examine, revise, and attest them, in order that our collated account may be printed in

the usual manner, and made a part of our permanent records.

I am, with great respect,
Your obedient servant,

J. W. GARRETT,
President.

DEAN RICHMOND, Esq.,
President New York Central R. R. Co.,
Albany, New York.

R. H. BERDELL, Esq.,
President Erie Railway Co., New York.

F.

BALTIMORE AND OHIO RAILROAD COMPANY,

PRESIDENT'S OFFICE,

BALTIMORE, November 21st, 1866.

SIR: I have received your letter of the 29th ult., containing certain inquiries made in behalf of the Committee of the Senate of Ohio, on the subject of "Fast Freight Lines," to which I have the honor to reply:

1. The "Lightning Express," recently established, is run upon the Baltimore and Ohio Road to Bellaire and Parkersburg, *exclusively in the interest of this Company*, and no other company or parties are concerned in its management or profits.

2. *Its* business upon the Baltimore and Ohio Road is conducted *exclusively by this Company*, and *its officers and agents*.

3. The Line connects at Bellaire with the Central Ohio Railroad, and at Belpre (opposite Parkersburg) with the Marietta and Cincinnati Road, and it is run upon those roads upon the same system as upon the Baltimore and Ohio, and is run, or is expected to be run, upon the roads west of Columbus and Cincinnati, in the same manner.

This Company entirely disapproves the arrangements

commonly known as "*Fast Freight Lines*." Experience has shown them *to be injurious to the public*, as they are certainly *corrupting, dangerous, and expensive to the Railroad Companies* affording them facilities. *The advantages to the community claimed for such organizations, cannot be as great as well-managed railroads can supply, and ought to supply, to the public direct, instead of to a class of middle-men standing between them and the public.*

The deductions made to the "*Fast Freight Lines*" by Railroad Companies *from the regular rates*, constitute a drawback or an allowance, variously estimated at from 20 to 50 per cent., *which goes to the "Fast Freight Line,"* and of which the public receives no benefit whatever, whilst, at the same time, the Railroad Companies suffer a loss to that extent.

As further illustrating our position, the "*Baltimore and Ohio Lightning and Express Line*" is able to *deliver freights of the higher classes from Baltimore to Cincinnati in 32 hours, and from Philadelphia to Cincinnati in 38 hours,—being in about one-half the time consumed by "Fast Freight Lines" between the cities named.* For this service, *regular rates only* are charged. By "*Fast Freight Lines*," it has not been unusual to demand a considerable advance above the regular tariff rates. Our system enables us thus to furnish extraordinary facilities to the public at reasonable rates, *with profit to the Railroad Companies*, because the earnings are retained by the Companies, instead of a large share being returned or paid to the "*Fast Freight Lines*," as is the case *wherever such organizations have been permitted to fasten themselves.*

The preceding objections are fundamental, and are inseparable from the existing system of "*Fast Freight Lines*," however honestly conducted. But we believe that the projectors and principal stockholders of many of the "*Fast Freight Lines*" are frequently officers representing the Railroad Companies over which the freights are transported, and the temptations to use their official power and influence for the pecuniary advantage of such organizations, instead of for the benefit of the Railroad Companies which employ them, or the public, have doubtless often proven too great to be successfully resisted.

But these evils do not stop here. The *public suffer in another form, perhaps almost to an equal extent; for unless their freights are sent by these "Fast Freight Lines," and an advance rate is paid by the shipper (which it must be borne in mind does not go into the Treasury of the Railroad Company performing the service, but, together with the allowances made by the Railroad Company, goes to the stockholders of the "Fast Freight Lines," and thus, in many instances, through this illegitimate channel, into the pockets of the officers and employés of the Railroad Company), their goods and merchandise are delayed and put upon slow freight trains. The EQUAL RIGHTS of the public are thus postponed to the special accommodation of the shippers by the "Fast Freight Lines," and the employés of the Railroad Companies, when interested in those organizations, are tempted, and tempt others, to furnish special accommodations, without scrupulous regard to the means employed.*

The *demoralizing tendencies of these "Fast Freight Lines," which are being so thoroughly investigated by your honorable body, are attracting marked attention among parties in Europe, interested in American Railways, as well as in this country.*

Satterthwaite's Circular, of June 27th, 1866, published in London, whilst presenting the points of a discussion which had taken place between the Pennsylvania and Baltimore and Ohio Railroad Companies, in a convention of the Atlantic Trunk Companies in regard to "Fast Freight Lines," remarks:

"We are glad to find that railroad managers in the States are becoming alive to the loss the shareholders sustain by giving to Fast Freight Express Companies the extraordinary privileges they enjoy; in fact, to a European visiting America, who is at all conversant with railway management, *it is the thing that strikes him first as being most vicious.*"

It is certainly true that *no part of American railway management tends more directly to the demoralization of the service, and it must be condemned and regretted, therefore, by the many upright gentlemen who are connected with our railway system.*

It will afford this Company satisfaction to furnish any further information in its power, which, in pursuit of your inquiries upon this subject, you may deem to be desirable.

I am, with great respect, your obedient servant,

J. W. GARRETT,
President.

HON. WARNER M. BATEMAN,
Chairman of Senate Committee, Cincinnati, Ohio.

